

Dear Members of the House of Representatives,

While considering legislation for the legalization of sales of adult use marijuana, please consider the following:

The RI DBR has already approved applications for more cultivation square footage than Rhode Island will need for both the medical market and the adult use market combined. As of 3/31/2021, the DBR has approved applications for up to 450,000 sqft of marijuana cultivation. By my estimates, which are included, the existing square footage approved by the DBR can produce about 4,100 pounds of marijuana flower per month. Some of that will be sold as dried flower, some will be converted into concentrated products such as vape pens, some into edible products, and some into topical products. RI will likely only consume 3,040 pounds per month of marijuana flower, again some sold as flower and some converted into other products. That means that RI has already licensed 35% more cultivation square footage than it needs for both the adult use and medical market. **In annual terms, RI can produce about 49,000lbs of marijuana flower and will likely only consume 36,500 lbs of marijuana flower. That is about 12,500 lbs more than is needed, more than 6 tones in excess.** Rhode Island does not need any additional marijuana cultivating.

Much of this square footage is licensed, but has not been built out yet. It is sitting in wait in anticipation for the adult use market. There are several cultivators who are only now beginning to produce marijuana for the medical market because the medical market has been so oversaturated. Wholesale prices are about half what they are in Massachusetts, even though retail prices are about the same. To my knowledge, no RI cultivator has been able to make back their initial investment on their cultivation since the program began in 2016.

Additionally, I strongly believe that the members of the General Assembly and the members of the Department of Business Regulation, Office of Cannabis Regulation should talk person to person. Please consider that they employ industry experts who specialize in marijuana administration and are savvy to the complex dynamics specific to the RI market. Our marijuana market is vastly different from that of even Massachusetts due to how it was initially set up and has grown. **Please consider bouncing ideas off them and hearing their opinion; smart, thoughtful legislation depends on it.** I promise you that they are smart, knowledgeable, professional, and quite friendly. The phone number to the Office of Cannabis Regulation listed on their website is 401-889-5607.

As always, thank you for your time taking my thoughts into consideration. I can be reached any time at 401-413-7196 and would be happy to share my insights with anyone interested.

Domenic Passarella

